

CENTRAL BANKING AND THE PRIVATE CONTROL OF MONEY

Using fractional reserve banking techniques, the Rothschilds and their allies began to dominate the central banks in the UK, USA and France by the early 19th century.

Part 2 of 2

Extracted from the book of the video
THE MONEY MASTERS:
How International Bankers Gained Control of America

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7. THE RISE OF THE ROTHSCHILDS

This is Frankfurt, Germany. Fifty years after the Bank of England opened its doors, a goldsmith named Amschel Moses Bauer opened a coin shop—a counting house—in 1743, and over the door he placed a sign depicting a Roman eagle on a red shield. The shop became known as the Red Shield firm or, in German, *Rothschild*. When his son, Mayer Amschel Bauer, inherited the business, he decided to change his name to Rothschild.

Mayer Rothschild soon learned that lending money to governments and kings was more profitable than lending to private individuals. Not only were the loans bigger, but they were secured by the nation's taxes.

Mayer Rothschild had five sons. He trained them all in the secret techniques of money creation and manipulation, then sent them out to the major capitals of Europe to open branch offices of the family banking business. His will directed that one son in each generation was to rule the family business; women were excluded.

Mayer's first son, Amschel, stayed in Frankfurt to mind the hometown bank. His second son, Salomon, was sent to Vienna. His third son, Nathan, was clearly the most clever; he was sent to London at age 21 in 1798, a hundred years after the founding of the Bank of England. His fourth son, Karl, went to Naples. His fifth son, Jakob (James), went to Paris.

In 1785, Mayer moved his entire family to a larger house, a five-storey dwelling he shared with the Schiff family. This house was known as the Green Shield house. The Rothschilds and the Schiffs would play a central role in the rest of European financial history and in that of the United States and the world. The Schiffs' grandson moved to New York and helped fund the Bolshevik *coup d'état* in 1917 in Russia.

The Rothschilds broke into dealings with European royalty in Wilhelmshöhe, the palace of the wealthiest man in Germany—in fact, the wealthiest monarch in all of Europe—Prince William of Hesse-Cassel. At first, the Rothschilds were only helping William speculate in precious coins. However, when Napoleon chased Prince William into exile, William sent £550,000 (a gigantic sum at that time, equivalent to many millions of today's US dollars) to Nathan Rothschild in London with instructions to buy consols—British government bonds, or government stock—but Rothschild used the money for his own purposes. With Napoleon on the loose, the opportunities for highly profitable wartime investments were nearly limitless.

William returned to Wilhelmshöhe some time prior to the Battle of Waterloo in 1815. He summoned the Rothschilds and demanded his money back. The Rothschilds returned William's money, with the eight per cent interest the British consols would have paid him had the investment actually been made. But the Rothschilds kept all the vast wartime profits they had made using Wilhelm's money—shady practice in any century.

Partly by such practices, Nathan Rothschild was able to brag later that in the 17 years he had been in England he had increased his original £20,000 stake given to him by his father by 2,500 times, i.e., to £50,000,000—a truly vast sum at that time, comparable in purchasing power to billions of US dollars today.

As early as 1817, the director of the Prussian Treasury wrote on a visit to London that Nathan Rothschild had:

...incredible influence upon all financial affairs here in London. It is widely stated...that he entirely regulates the rate of exchange in the City. His power as a banker is enormous.

Austrian Prince Metternich's secretary wrote of the Rothschilds, as early as 1818, that:

...they are the richest people in Europe.

By cooperating within the family, using fractional reserve banking techniques, the Rothschilds' banks soon grew unbelievably wealthy. By the mid-1800s, they dominated all European banking and were certainly the wealthiest family in the world. A large part of the profligate nobility of Europe became deeply indebted to them.

By virtue of their presence in five nations as bankers, the Rothschilds were effectively autonomous, an entity independent from the nations in which they operated. If one nation's policies were displeasing to them or their interests, they could simply do no further lending there, or lend to those nations or groups opposed to such policies. Only they knew where their gold and other reserves were located, thus they were shielded from government seizure, penalty, pressure or taxation, effectively making any national investigation or audit meaningless. Only they knew the extent (or paucity) of their fractional reserves, scattered in five nations—a tremendous advantage over purely national banks engaging in fractional reserve banking.

It was precisely their international character that gave the Rothschild banks unique advantages over national banks and governments, and that was precisely what rulers and national parliaments should have prohibited, but did not. This remains true of international or multinational banks to this very day, and is the driving force of globalisation—the push for one-world government.

The Rothschilds provided huge loans to establish monopolies in various industries, thereby guaranteeing the borrowers' ability to repay the loans by raising prices without fear of price competition, while increasing the Rothschilds' economic and political power. They financed Cecil Rhodes, making it possible for him to establish a monopoly over the gold-fields of South Africa and DeBeers diamonds. In America, they financed the monopolisation of railroads.

The National City Bank of Cleveland, which was identified in congressional hearings as one of three Rothschild banks in the United States, provided John D. Rockefeller with the money to begin his monopolisation of the oil refinery business, resulting in the formation of Standard Oil.

Jacob Schiff, who had been born in the Rothschild Green Shield house in Frankfurt and who was then the principal Rothschild agent in the US, advised Rockefeller and developed the infamous rebate deal which Rockefeller secretly demanded from railroads shipping competitors' oil. These same railroads were already monopolised by Rothschild control through agents and allies J. P. Morgan and Kuhn, Loeb & Company (Schiff was on the Board) which, together, controlled 95 per cent of all US railroad mileage.

By 1850, James Rothschild, the heir of the French branch of the family, was said to be worth 600 million French francs—150 million more than all the other bankers in France put together. James had been established in Paris by Mayer Amschel in 1812, with capital of \$200,000. At the time of his death in 1868, fifty-six years later, his annual income was \$40,000,000. No fortune in America at that time equalled even one year of James' income.

Referring to James Rothschild, the poet Heinrich Heine said:

By the mid-1800s, they dominated all European banking and were certainly the wealthiest family in the world.

Money is the god of our times, and Rothschild is his prophet. James built his fabulous mansion, called Ferrières, 19 miles northeast of Paris. Wilhelm I, on first seeing it, exclaimed: *Kings couldn't afford this. It could only belong to a Rothschild!*

Another 19th century French commentator put it this way:

There is but one power in Europe, and that is Rothschild.

There is no evidence that the Rothschilds' predominant standing in European or world finance has changed. To the contrary, as their wealth has increased, they have simply increased their 'passion for anonymity'. Their vast holdings rarely bear their name.

Author Frederic Morton wrote that the Rothschilds had:

...conquered the world more thoroughly, more cunningly, and much more lastingly than all the Caesars before...

8. THE AMERICAN REVOLUTION

Now let's take a look at the results the Bank of England produced on the British economy and how, later, this was the root cause of the American Revolution.

By the mid-1700s, the British Empire was approaching its height of power around the world. Britain had fought four wars in Europe since the creation of its privately owned central bank, the Bank of England. The cost had been high. To finance these wars the British Parliament, rather than issuing its own debt-free currency, had borrowed heavily from the bank.

By the mid-1700s, the British Government's debt amounted to £140,000,000—a staggering sum for those days. Consequently, the government embarked on a program of trying to raise revenues from its American colonies in order to make the interest payments to the bank.

But in America it was a different story. The scourge of a privately owned central bank had not yet landed in America, though the Bank of England exerted its baneful influence over the American colonies after 1694. Four years earlier, in 1690, the Massachusetts Bay colony had printed

its own paper money—the first in America—and was followed in 1703 by South Carolina and then by other colonies.

In the mid-1700s, pre-revolutionary America was still relatively poor. There was a severe shortage of precious metal coins to trade for goods, so the early colonists were increasingly forced to experiment with printing their own home-grown paper money. Some of these experiments were successful. Tobacco was used as money in some colonies, with success.

In 1720, every colonial Royal Governor was instructed to curtail the issue of colonial money, but this was largely unsuccessful. In 1742, the British Resumption Act required that taxes and other debts be paid in gold. This caused a depression in the colonies, and property was seized on foreclosure by the rich for one-tenth its value.

Benjamin Franklin was a big supporter of the colonies printing their own money. In 1757, Franklin was sent to London to fight for colonial paper money. He ended up staying for the next 18 years—nearly until the start of the American Revolution.

During this period, more American colonies ignored Parliament and began to issue their own money, called 'colonial scrip'. The endeavour was successful, with notable exceptions. Colonial scrip provided a reliable medium of exchange and it also helped

provide a feeling of unity between the colonies. Remember, most colonial scrip was just paper money, debt-free money, printed in the public interest and not really backed by gold or silver coin. In other words, it was a fiat currency.

Officials of the Bank of England asked Franklin how he would account for the newfound prosperity of the colonies. Without hesitation he replied:

That is simple. In the colonies we issue our own money. It is called Colonial Scrip. We issue it in proper proportion to the demands of trade and industry to make the products pass easily from the producers to the consumers... In this manner, creating for ourselves our own paper money, we control its purchasing power, and we have no interest to pay to no one.

This was just common sense to Franklin, but you can imagine the impact it had at the Bank of England. America had learned the secret of money, and that genie had to be returned to its bottle as soon as possible. As a result, Parliament hurriedly passed the Currency Act of 1764. This prohibited colonial officials from issuing their own money, and ordered them to pay all future taxes in gold or silver coins. In other words, it forced the colonies onto a gold and silver standard. This initiated the first intense phase of the First Bank War in America, which ended in defeat for the Money Changers, beginning with the Declaration of Independence and concluding with the subsequent peace deal, the Treaty of Paris, in 1783.

For those who believe that a gold standard is the answer for America's current monetary problems, look what happened to America after the Currency Act of 1764 was passed. In his autobiography, Franklin wrote:

In one year the conditions were so reversed that the era of prosperity ended and a depression set in, to such an extent that the streets of the Colonies were filled with unemployed.

Franklin claims that this was even the basic cause of the American Revolution. As Franklin put it in his autobiography:

The Colonies would gladly have borne the little tax on tea and other matters had it not been that England took away from the Colonies their money, which created unemployment and dissatisfaction.

In 1774, Parliament passed the Stamp Act which required that a stamp be placed on every instrument of commerce, indicating payment of tax in gold—which again threatened the colonial paper money. Less than two weeks later, the Massachusetts Committee of Safety passed a resolution directing the issuance of more colonial currency and honouring the currency of other colonies.

On 10 and 22 June 1775, the Congress of the Colonies resolved to issue \$2 million in paper money based on the credit and faith of the "United Colonies". This flew in the face of the Bank of England and Parliament. It constituted an act of defiance, a refusal to accept a monetary system unjust to the people of the colonies.

Thus the bills of credit [i.e., paper money] which historians with ignorance or prejudice have belittled as instruments of reckless financial policy were really the standards of the Revolution. They were more than this: they were the Revolution itself.

— Alexander Del Mar, historian

By the time the first shots were fired in Concord and Lexington, Massachusetts, on 19 April 1775, the colonies had been drained of gold and silver coin by British taxation. As a result, the continental government had no choice but to print its own paper money to finance the war.

At the start of the Revolution, the American colonial money supply stood at \$12 million. By the end of the war, it was nearly \$500 million. This was partly a result of massive British counterfeiting. As a result, the currency was virtually worthless. Shoes sold for \$5,000 a pair. As George Washington lamented:

A wagon load of money will scarcely purchase a wagon load of provisions.

Earlier, colonial scrip had worked because just enough was issued to facilitate trade, and counterfeiting was minimal. Today, those who support a gold-backed currency point to this period during the Revolution to demonstrate the evils of a fiat currency. But remember, the same currency had worked so well 20 years earlier during times of peace that the Bank of England had Parliament outlaw it, and during the war the British deliberately sought to undermine it by counterfeiting it in England and shipping it 'by the bale' to the colonies.

9. THE BANK OF NORTH AMERICA

Towards the end of the Revolution, the continental Congress, meeting at Independence Hall in Philadelphia, grew desperate for money. In 1781, they allowed Robert Morris, their Financial Superintendent, to open a privately owned central bank in the hope that this would help. Incidentally, Morris was a wealthy man who had grown wealthier during the Revolution by trading in war materials.

The new bank, the Bank of North America, was closely modelled on the Bank of England. It was allowed to

practise (or rather, it was not prohibited from practising) fractional reserve banking; that is, it could lend out money it didn't have, then charge interest on it. If you or I were to do that, we would be charged with fraud—a felony. Few understood this practice at the time, and, of course, it was concealed from the public and politicians as much as possible. Further, the bank was given a monopoly on issuing banknotes, acceptable in payment of taxes.

The bank's charter called for private investors to put up \$400,000 worth of initial capital. But when Morris was unable to raise the money, he brazenly used his political influence to have gold deposited in the bank—gold which had been lent to America by France. He then lent this money to himself and his friends to reinvest in shares of the bank. The Second American Bank War was on.

Soon, the dangers became clear. The value of American currency continued to plummet. Four years later, in 1785, the bank's charter was not renewed, effectively ending the threat of the bank's power. Thus the Second American Bank War quickly ended in defeat for the Money Changers.

The leader of the successful effort to kill the bank was a patriot named William Findley, from Pennsylvania. He explained the problem this way:

This institution, having no principle but that of avarice, will never be varied in its object...to engross all the wealth, power and influence of the state.

There is no evidence that the Rothschilds' predominant standing in European or world finance has changed. To the contrary, as their wealth has increased, they have simply increased their 'passion for anonymity'.

Plutocracy, once established, will corrupt the legislature so that laws will be made in its favour, and the administration of justice will favour the rich.

The men behind the Bank of North America—Alexander Hamilton, Robert Morris, and the Bank's President, Thomas Willing—did not give up. Only six years later, Hamilton, then Secretary of the Treasury, and his mentor, Morris, rammed a new privately owned central bank, the First Bank of the United States, through the new Congress. Thomas Willing again served as the bank's president. The players were the same, only the name of the bank was changed.

10. THE CONSTITUTIONAL CONVENTION

In 1787, colonial leaders assembled in Philadelphia to replace the ailing Articles of Confederation. As we saw earlier, both Thomas Jefferson and James Madison were unalterably opposed to a privately owned central bank. They had seen the problems caused by the Bank of England. They wanted nothing of it. As Jefferson later put it:

If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and the corporations which grow up around them will deprive the people of all property until their children wake up homeless on the continent their fathers conquered.

During the debate over the future monetary system, another one of the founding fathers, Gouvenor Morris, headed the committee that wrote the final draft of the Constitution. Morris knew the motivations of the bankers well.

Along with his old boss, Robert Morris, Gouvenor Morris and Alexander Hamilton were the ones who

had presented the original plan for the Bank of North America to the continental Congress in the last year of the Revolution.

In a letter he wrote to James Madison on 2 July 1787, Gouvenor Morris revealed what was really going on:

The rich will strive to establish their dominion and enslave the rest. They always did. They always will... They will have the same effect here as elsewhere if we do not, by the power of government, keep them in their proper spheres.

Despite the defection of Gouvenor Morris from the ranks of the bank, Hamilton, Robert Morris, Thomas Willing and their European backers were not about to give up. They convinced the bulk of the delegates to the Constitution Convention not to give Congress the power to issue paper money. Most of the delegates were still reeling from the wild inflation of the paper currency during the Revolution. They had forgotten how well colonial scrip had worked before the war. But the Bank of England had not. The Money Changers could not stand to have America printing her own money again.

Many believed that the Tenth Amendment, which reserved powers to the states which were not delegated to the federal government by the Constitution, made the issuance of paper money by the federal government unconstitutional, since the power to issue paper money was not specifically delegated to the federal government in the Constitution. The Constitution is silent on this point. However, the Constitution specifically forbade the individual States to "emit bills of credit" (paper money).

Most of the framers intended the Constitution's silence to keep the new federal government from having the power to authorise paper money creation. Indeed, the Journal of the Convention for 16 August reads as follows:

It was moved and seconded to strike out the words 'and emit bills of credit' and the motion...passed in the affirmative.

But Hamilton and his banker friends saw this silence as an opportunity for keeping the government out of paper money creation which they hoped to monopolise privately. So both bankers and anti-banking delegates, for opposing motives, supported leaving any federal government authority for paper money creation out of the Constitution, by a four-to-one margin. This ambiguity left the door open for the Money Changers—just as they had planned.

Of course, paper money was not itself the main problem. Fractional reserve lending was the greater problem, since it multiplied any inflation caused by excessive paper currency issuance by several times. But this was not understood by many, whereas the evils of excessive paper currency issuance were.

In their belief that prohibiting paper currency was a good end, the framers were well advised. Prohibiting all paper currency

would have severely limited the fractional reserve banking then practised, since the use of checks was minimal and arguably would have been prohibited as well. But bank loans, created as book entries, were not addressed and so were not prohibited.

As it happened, the federal and state governments were widely regarded as prohibited from paper money creation, whereas private banks were not—it being argued that this power, by not being specifically prohibited, was reserved for the people (including legal persons, such as incorporated banks).

The contrary argument was that bank corporations were instruments or agencies of the states which incorporated them and so were prohibited from "emitting bills of credit", as were the states themselves. This argument was ignored by the bankers, who proceeded to issue paper banknotes based on fractional reserves, and it lost all force once the US Supreme Court ruled that even the federal government could charter a bank which could issue paper money. In the end, only the states were prohibited from issuing paper money, and neither private banks nor even municipalities were prohibited from issuing paper money (as happened in around 400 cities during the Great Depression).

Another error not often understood concerns the authority given the federal government "to coin money" and "to regulate the value thereof". Regulating the value of money (that is to say, its purchasing power or value relative to other things) has nothing to do with quality or content (e.g., so many grains of gold or copper, etc.), but has to do with its quantity—the supply of money. It is quantity that determines its value, and never has Congress legislated any total quantity of money in the United States.

Legislating a total money supply (including currency, checks and all bank deposits) would, in fact, regulate the value (purchasing power) of each dollar. Legislating the rate of growth of the money supply would then determine its future value. Congress has never done either, though it clearly has the constitutional authority to do so. It has left this function to the Federal Reserve and the 10,000+ banks which create our money supply.

Fractional reserve lending was the greater problem, since it multiplied any inflation caused by excessive paper currency issuance by several times.

11. THE FIRST BANK OF THE UNITED STATES

In 1790, less than three years after the Constitution had been signed, the Money Changers struck again. The newly appointed first Secretary of the Treasury, Alexander Hamilton, proposed a bill to the Congress, calling for a new privately owned central bank.

Coincidentally, that was the very year that Mayer Rothschild made his pronouncement from his flagship bank in Frankfurt:

Let me issue and control a nation's money and I care not who writes its laws.

Alexander Hamilton was a tool of the international bankers. He wanted to create another private central bank, the Bank of the United States, and did so. He convinced Washington to sign the bill, despite Washington's reservations and Jefferson's and Madison's opposition.

To win over Washington, Hamilton developed the "implied powers" argument used so often since to eviscerate the Constitution. Jefferson correctly predicted the dire consequences of opening such a Pandora's box which would allow judges to "imply" whatever they wished.

Interestingly, one of Hamilton's first jobs after graduating from law school in 1782 was as an aide to Robert Morris, the head of the Bank of North America. In fact, the year before, Hamilton had written Morris a letter, saying:

A national debt, if it is not excessive, will be to us a national blessing.

A "blessing" to whom?

After a year of intense debate, in 1791 Congress passed Hamilton's bank bill and gave it a 20-year charter. The new bank was to be called the First Bank of the United States, or BUS. Thus the Third American Bank War began.

The First Bank of the United States was headquartered in Philadelphia. The bank was given authority to print currency and make loans based on fractional reserves, even though 80 per cent of its stock would be held by private investors. The other 20 per cent would be purchased by the US Government, but the reason was not to give the government a piece of the action: it was to provide the initial capital for the other 80 per cent owners.

As with the old Bank of North America and the Bank of England before that, the stockholders never paid the full amount for their shares. The US Government put up its initial \$2,000,000 in cash; then the bank, through the old magic of fractional reserve lending, made loans to its charter investors so they could come up with the remaining \$8,000,000 in capital needed for this risk-free investment.

As with the Bank of England, the name of the bank—the Bank of the United States—was deliberately chosen to hide the fact that it was privately controlled. And, as in the case of the Bank of England, the names of the investors in the bank were never revealed.

The bank was promoted to Congress as a way to bring stability to the banking system and to eliminate inflation. So what happened? Over the first five years, the US Government borrowed \$8.2 million from the First Bank of the United States. In that period, prices rose by 72 per cent.

Jefferson, the new Secretary of State, watched the borrowing with sadness and frustration, unable to stop it:

Napoleon declared that when a government is dependent upon bankers for money, the bankers—not the leaders of the government—are in control.

I wish it were possible to obtain a single amendment to our Constitution, taking from the federal government the power of borrowing.

President Adams denounced the issuance of private banknotes as a fraud upon the public. He was supported in this view by all conservative opinion of his time. Why continue to farm out to private banks, for nothing, a prerogative of government?

Millions of Americans feel the same way today. They watch in helpless frustration as the federal government borrows the American taxpayer into oblivion—borrowing, from private banks and the rich, the money the government has the authority and duty to issue itself, without debt.

So, although it was called the First Bank of the United States, it was not the first attempt at a privately owned central bank in the US. As with the first two, the Bank of England and the Bank of North America, the government put up the cash to get this private bank going, then the bankers lent that money to each other to buy the remaining stock in the bank.

It was a scam, plain and simple—and they wouldn't be able to get away with it for long.

12. NAPOLEON'S RISE TO POWER IN FRANCE

Next we have to travel back to Europe to see how a single man was able to manipulate the entire British economy by obtaining the first news of Napoleon's final defeat.

In Paris in 1800, the Bank of France was organised, along similar lines to the Bank of England. But Napoleon decided France had to break free of debt. He never trusted the Bank of

France, even when he put some of his own relatives on the governing board.

Napoleon declared that when a government is dependent upon bankers for money, the bankers—not the leaders of the government—are in control:

The hand that gives is above the hand that takes. Money has no motherland; financiers are without patriotism and without decency: their sole object is gain.

He clearly saw the dangers, but did not see the proper safeguards or solution.

Back in America, unexpected help was about to arrive. In 1800, Thomas Jefferson narrowly defeated John Adams to become the third President of the United States. By 1803, Jefferson and Napoleon had struck a deal. The US would give Napoleon \$3,000,000 in gold, in exchange for a huge chunk of territory west of the Mississippi River: the Louisiana Purchase.

With that three million dollars in gold, Napoleon quickly forged an army and set off across Europe, conquering everything in his path. But England and the Bank of England quickly rose to oppose him. They financed every nation in his path, reaping the enormous profits of war. Prussia, Austria and finally Russia all went heavily into debt in a futile attempt to stop Napoleon.

Four years later, with the main French Army in Russia, thirty-year-old Nathan Rothschild—the head of the London office of the Rothschild family—personally took charge of a bold plan to smuggle a much-needed shipment of gold right through France to finance an attack from Spain by Britain's Duke of Wellington.

Nathan later bragged at a dinner party in London that it was the best business he'd ever done. He made money on each step of the

shipment. Little did he know then that he would do much better business in the near future.

Wellington's attacks from the south, and other defeats, eventually forced Napoleon to abdicate. Louis XVIII was crowned King and Napoleon was exiled from France to Elba, a tiny island off the coast of Italy, supposedly for ever.

13. DEMISE OF THE FIRST BANK OF THE UNITED STATES AND THE WAR OF 1812

While Napoleon was in exile, temporarily defeated by England with the financial help of the Rothschilds, America was trying to break free of its central bank as well.

In 1811, a bill was put before Congress to renew the charter of the Bank of the United States. The debate grew very heated and the legislature of both Pennsylvania and Virginia passed resolutions asking Congress to kill the bank.

The press corps of the day attacked the bank openly, calling it "a great swindle", a "vulture", a "viper", and a "cobra". Oh, to have an independent press once again in America!

A Congressman named P. B. Porter attacked the bank from the floor of Congress, prophetically warning that if the bank's charter were renewed, Congress "will have planted in the bosom of this Constitution a viper, which one day or another will sting the liberties of this country to the heart".

Prospects didn't look good for the bank. Some writers have claimed that Nathan Rothschild warned that the United States would find itself involved in a most disastrous war if the bank's charter were not renewed. But it wasn't enough. When the smoke had cleared, the renewal bill was defeated by a single vote in the House and was deadlocked in the Senate.

By now, America's fourth President, James Madison, was in the White House. Remember, Madison was a staunch opponent of the bank. His Vice President, George Clinton, broke a tie in the Senate and sent the First Bank of the United States—the second privately owned central bank based in America—into oblivion. Thus, the Third American Bank War, lasting 20 years, ended in defeat for the Money Changers.

Within five months, as Rothschild was said to have predicated, England attacked the United States and the War of 1812 was on. But the British were still busy fighting Napoleon, and so the War of 1812 ended in a draw in 1814.

It is interesting to note that, during this war, the US Treasury printed some government paper money, not bearing interest, to fund the war effort—an act not repeated until the Civil War.

Though the Money Changers were temporarily down, they were far from out. It would take them only another two years to bring in a fourth private central bank, bigger and stronger than before.

14. THE BATTLE OF WATERLOO, 1815

But now let's return for a moment to Napoleon. This episode aptly demonstrates the cunning of the Rothschild family in gaining control of the British stock market after Waterloo.

In 1815, a year after the end of the War of 1812, Napoleon escaped his exile and resumed to Paris. French troops were sent out to capture him, but such was his charisma that the soldiers rallied around their old leader and hailed him as their Emperor once

again. Napoleon returned to Paris a hero. King Louis fled into exile and Napoleon again ascended the French throne—this time, without a shot being fired.

In March 1815, Napoleon equipped an army which Britain's Duke of Wellington defeated less than 90 days later at Waterloo. He borrowed five million pounds from the Ouard banking house in Paris in order to re-arm. Nevertheless, from about this point on, it was not unusual for privately controlled central banks to finance both sides in a war.

Why would a central bank finance opposing sides in a war? Because war is the biggest debt-generator of them all. A nation will borrow any amount for victory. The ultimate loser is lent just enough to hold out the vain hope of victory, and the ultimate winner is given enough to win. Besides, such loans are usually conditional upon the guarantee that the victor will honour the debts of the vanquished. Only the bankers cannot lose.

The site of the Waterloo battlefield is about 200 miles northeast of Paris, in what today is Belgium. There, Napoleon suffered his final defeat, but not before thousands of Frenchmen and Englishmen gave their lives on a steamy summer day in June 1815.

On that day, 18 June, 74,000 French troops met 67,000 troops from Britain and other European nations. The outcome was certainly in doubt. In fact, had Napoleon attacked a few hours earlier, he would probably have won the battle.

But no matter who won or lost, back in London Nathan Rothschild planned to use the opportunity to try to seize control over the British stock-and-bond market. The following account is hotly disputed by the Rothschilds.

Rothschild stationed a trusted agent, a man named Rothworth, on the north side of the battlefield, closer to the English Channel. Once the battle had been decided, Rothworth took off for the Channel. He delivered the news to Nathan Rothschild a full 24 hours before Wellington's own courier.

Rothschild hurried to the stock market and took up his usual position in front of an ancient pillar. All eyes were on him. The Rothschilds had a legendary communication network. If Wellington had been defeated and Napoleon were loose on the Continent again, Britain's financial situation would become grave indeed. Rothschild looked saddened. He stood there motionless, eyes downcast. Then, suddenly, he began selling.

Other nervous investors saw that Rothschild was selling. It could only mean one thing: Napoleon must have won; Wellington must have been defeated. The market plummeted. Soon, everyone was selling their consols—their British government bonds and other stocks—and prices dropped. Then Rothschild and his financial allies started secretly buying through agents.

Myths, legends, you say? One hundred years later, the *New York Times* ran a story which said that Nathan Rothschild's grandson had attempted to secure a court order to suppress a book containing this stock market story. The Rothschild family claimed the story was untrue and libellous, but the court denied the Rothschilds' request and ordered the family to pay all court costs.

Why would a central bank finance opposing sides in a war? Because war is the biggest debt-generator of them all. A nation will borrow any amount for victory.

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What's even more interesting about this story is that some authors claim that the day after the Battle of Waterloo, in a matter of hours, Nathan Rothschild and allied financial interests came to dominate not only the bond market but the Bank of England as well. (An interesting feature of some consols was that they were convertible to Bank of England stock.)

Intermarriage with the Montefiores, Cohens and Goldsmiths—banking families established in England in the century before the Rothschilds—enhanced the Rothschilds' financial control. This control was further consolidated through the passage of Peel's Bank Charter Act of 1844.

Whether or not the Rothschild family and their financial allies seized outright control of the Bank of England (the first privately owned central bank in a major European nation, and the wealthiest) in this manner, one thing is certain: by the mid-1800s, the Rothschilds were the richest family in the world, bar none. They dominated the new government bond markets and branched into other banks and industrial concerns worldwide. They also domi-

nated a constellation of secondary, lesser families, such as the Warburgs and Schiffs, who allied their own vast wealth with that of the Rothschilds.

In fact, the rest of the 19th century was known as the "Age of Rothschild". One author, Ignatius Balla, estimated their personal wealth in 1913 at over two billion dollars. Keep in mind, the purchasing power of the dollar was over 1,000 per cent greater then than now. Despite this overwhelming wealth, the family has generally cultivated an aura of invisibility. Although the family controls scores of banking, industrial, commercial, mining and tourist corporations, only a handful bear the Rothschild name. By the end of the 19th century, one expert estimated that the Rothschild family controlled half the wealth of the world.

Whatever the extent of their vast wealth, it is reasonable to assume that their percentage of the world's wealth has increased dramatically since then, as power begets power and the appetite therefor. But since the turn of the century, the Rothschilds have carefully cultivated the notion that their power has somehow waned, even as their wealth and that of their financial allies

increases and hence their control of banks, debt-captive corporations, the media, politicians and nations, all through surrogates, agents, nominees and interlocking directorates, obscuring their role.

About the Author:

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Editor's Note:

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